

# 30 May 2016

## **Telkom pushes new tech to fight cable theft.**

Telkom is ramping up efforts to migrate customers to wireless and fibre technologies to actively tackle cable theft syndicates. This comes as the modus operandi of cable thieves becomes more sophisticated, amounting to over 6000 incidents of theft across Telkom's copper network in the past year.

"Copper theft has become a more sophisticated crime over the past few years. These criminals now target our manholes armed with customised heavy duty vehicles, allowing them to hitch the cable to the vehicle and drive out kilometres of cable, cutting off thousands of customers, in a single incident," explains Telkom's Group Executive for Communication Jacqui O'Sullivan.

"We face a unique set of challenges when it comes to copper cable theft. For example, there are areas in the Western Cape where gang violence sometimes makes it dangerous for us to send technicians into the area to replace stolen cables. In many high-theft areas, cable is repeatedly stolen, sometimes within days after replacements or repairs."

"It is clear that the price of copper and its strong demand in international markets, are catalysts of this crime. Analysis indicates that increases in theft incidents approximately tracks the level of the copper price - usually with a two to three month lag," explains O'Sullivan.

"For a little over a decade Telkom has continuously recorded revenue losses due to the impact of this crime. The persistent breaks in connectivity affect not just individual households, but also schools, government buildings, and industries across the country, making this crime a national concern."

O'Sullivan explains that the Company continues to invest greatly in securing the network with armed response, cable alarming and collaborative efforts with the South African Police Service however, the vast nature of Telkom's network makes fighting this crime, an extraordinarily tough.

For the 2015 financial year, Telkom has experienced over R200 million rand in losses - R100 million direct cable theft repair cost and an additional R107m was spend on security services.

"The cost of cable theft to Telkom is serious and it has a significant impact on thousands of customers each year. To combat this, we are looking at migrating our customers in high copper theft hotspots onto new technology platforms, specifically those which are undesirable to criminals," O'Sullivan explains.

Already, Telkom has successfully migrated close to 4000 customers in cable theft hotspots to an alternative wireless product, known as Waya Waya, which does not rely on a copper network. The new product allows customers to retain their landline numbers while also benefiting from SMS functionality and a free device.

Earlier this year, Telkom launched SA's biggest fibre trial in which DSL customers within Telkom's fibre footprint are being given the opportunity to upgrade their copper-based connectivity, to the more advanced fibre network, at no additional cost.

"Telkom is taking every step to ensure that our network is secure and, more importantly, that our customers receive a seamless network experience free of criminal interference," concluded O'Sullivan.

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**ABOUT TELKOM:**

Telkom is a leading communications services provider in South Africa. We had consolidated operating revenue of R16.8 billion and normalised profit after tax of R1, 683 million for the period ended 30 September 2015. Total assets amounted to R41.9 billion and equity attributable to the owners of Telkom to R23.5 billion as of 30 September 2015. The group generated normalised free cash flow of R1.4 billion for the period ended 30 September 2015.

As of 30 September 2015, we had approximately 3.3 million telephone access lines in service and 1,030,441 ports connected via MSAN access. We offer business, residential and payphone customers a wide range of services and products, including:

- fixed-line retail voice services using PSTN (Public Switched Telephone Network) lines, including ISDN (Integrated Services Digital Network) lines, and the sale of subscription based value-added voice services and calling plans;
- fixed-line customer premises equipment rental and sales services both voice and data needs and these include PABX, Computers, Routers, Modems, Telephone handsets and other ancillary equipment;
- interconnection services, including terminating and transiting traffic from South African mobile operators, as well as from international operators and transiting traffic from mobile to international destinations;
- fixed-line data services, including domestic and international data transmission services, such as point-to-point leased lines, ADSL (Asymmetrical Digital Subscriber Line) services, packet-based services, managed data networking services and internet access and related information technology services;
- Data Centre Operations includes e-commerce, application service provider, hosting, data storage, e-mail and security services;
- W-CDMA (Wideband Code Division Multiple Access), a 3G next generation network, including fixed voice services, data services and nomadic voice services;
- mobile communication services, including voice services, data services and handset sales through our mobile navbar-brand called Telkom Mobile;

- information and communication services including cloud services, infrastructure services, workspace services, global service integration management and hardware and network equipment sales locally, in seven African countries, the UK and Dubai through Business Connexion Group; and
- other services including directory services, through Trudon (Pty) Ltd, wireless data services, through Swiftnet (Pty) Ltd.
- Convergence is one of our key strategic initiatives in building a sustainable future for Telkom. We will lead the provision of converged services in South Africa in support of our mission statement: Seamlessly connecting people to a better life.